

INDIVIDUAL INCOME TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies provisions related to individual income tax.

Highlighted Provisions:

This bill:

- updates the language that the State Tax Commission prints on certain documents related to individual income tax returns;
- provides that a claimant may not claim a social security tax credit or a military retirement tax credit, if a retirement tax credit is claimed on the same return; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-103.1, as last amended by Laws of Utah 2011, Chapter 410

59-10-1019, as last amended by Laws of Utah 2021, Chapters 68 and 428

59-10-1042, as enacted by Laws of Utah 2021, Chapter 428

59-10-1043, as enacted by Laws of Utah 2021, Chapter 68

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-10-103.1** is amended to read:

59-10-103.1. Information to be contained on individual income tax returns or booklets.

(1) The commission shall print the phrase "all state income tax dollars [~~fund education~~]
support education, children, and individuals with disabilities" on:

(a) the first page of an individual income tax return; and

(b) the cover page of an individual income tax forms and instructions booklet.

(2) The commission shall include on an individual income tax return a statement for a property owner to declare that the property owner no longer qualifies to receive a residential exemption authorized under Section 59-2-103 for that property owner's primary residence.

Section 2. Section **59-10-1019** is amended to read:

59-10-1019. Definitions -- Nonrefundable retirement tax credit.

(1) As used in this section:

(a) "Eligible claimant" means a claimant, regardless of whether that claimant is retired, who was born on or before December 31, 1952.

(b) "Head of household filing status" means the same as that term is defined in Section 59-10-1018.

(c) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

(d) "Married filing separately status" means a married individual who:

(i) does not file a single federal individual income tax return jointly with that married individual's spouse for the taxable year; and

(ii) files a single federal individual income tax return for the taxable year.

(e) "Modified adjusted gross income" means the sum of the following for an eligible claimant or, if the eligible claimant's return under this chapter is allowed a joint filing status, the eligible claimant and the eligible claimant's spouse:

(i) adjusted gross income for the taxable year for which a tax credit is claimed under this section;

(ii) any interest income that is not included in adjusted gross income for the taxable year described in Subsection (1)(e)(i); and

(iii) any addition to adjusted gross income required by Section 59-10-114 for the taxable year described in Subsection (1)(e)(i).

(f) "Single filing status" means a single individual who files a single federal individual income tax return for the taxable year.

(2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each eligible claimant may claim a nonrefundable tax credit of \$450 against taxes otherwise due under this part.

(3) ~~[(a)]~~ An eligible claimant may not:

~~[(i)]~~ (a) carry forward or carry back the amount of a tax credit under this section that exceeds the eligible claimant's tax liability for the taxable year; or

~~[(ii)]~~ (b) claim a tax credit under this section ~~[and]~~ for a taxable year if a tax credit under Section 59-10-1042 or 59-10-1043 is claimed on the claimant's return for the same taxable year.

~~[(b) An eligible claimant who qualifies for a tax credit under this section and a tax credit under Section 59-10-1042 or 59-10-1043 may elect whether to claim a tax credit under this section or a tax credit under Section 59-10-1042 or 59-10-1043.]~~

(4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall be reduced by \$.025 for each dollar by which modified adjusted gross income for purposes of the return exceeds:

(a) for a federal individual income tax return that is allowed a married filing separately status, \$16,000;

(b) for a federal individual income tax return that is allowed a single filing status, \$25,000;

(c) for a federal individual income tax return that is allowed a head of household filing status, \$32,000; or

(d) for a return under this chapter that is allowed a joint filing status, \$32,000.

Section 3. Section **59-10-1042** is amended to read:

59-10-1042. Nonrefundable tax credit for social security benefits.

(1) As used in this section:

(a) "Head of household filing status" means the same as that term is defined in Section 59-10-1018.

(b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

(c) "Married filing separately status" means a married individual who:

(i) does not file a single federal individual income tax return jointly with that married individual's spouse for the taxable year; and

(ii) files a single federal individual income tax return for the taxable year.

(d) "Modified adjusted gross income" means the sum of the following for a claimant or, if the claimant's return under this chapter is allowed a joint filing status, the claimant and

95 the claimant's spouse:

96 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
97 this section;

98 (ii) any interest income that is not included in adjusted gross income for the taxable
99 year described in Subsection (1)(d)(i); and

100 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
101 taxable year described in Subsection (1)(d)(i).

102 (e) "Single filing status" means a single individual who files a single federal individual
103 income tax return for the taxable year.

104 (f) "Social security benefit" means an amount received by a claimant as a monthly
105 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.

106 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each
107 claimant on a return that receives a social security benefit may claim a nonrefundable tax credit
108 against taxes otherwise due under this part equal to the product of:

109 (a) the percentage listed in Subsection 59-10-104(2); and

110 (b) the claimant's social security benefit that is included in adjusted gross income on
111 the claimant's federal income tax return for the taxable year.

112 (3) ~~(a)~~ A claimant may not:

113 ~~(i)~~ (a) carry forward or carry back the amount of a tax credit under this section that
114 exceeds the claimant's tax liability for the taxable year; or

115 ~~(ii)~~ (b) claim a tax credit under this section ~~[and] for a taxable year if a tax credit~~
116 under Section 59-10-1019 is claimed on the claimant's return for the same taxable year.

117 ~~[(b) A claimant that qualifies for a tax credit under this section and a tax credit under~~
118 ~~Section 59-10-1019 may elect whether to claim a tax credit under this section or a tax credit~~
119 ~~under Section 59-10-1019.]~~

120 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part
121 shall be reduced by \$.025 for each dollar by which modified adjusted gross income for
122 purposes of the return exceeds:

123 (a) for a federal individual income tax return that is allowed a married filing separately
124 status, \$25,000;

125 (b) for a federal individual income tax return that is allowed a single filing status,

126 \$30,000;

127 (c) for a federal individual income tax return that is allowed a head of household filing
128 status, \$50,000; or

129 (d) for a return under this chapter that is allowed a joint filing status, \$50,000.

130 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
131 commission may make rules governing the calculation and method for claiming the tax credit
132 described in this section.

133 Section 4. Section **59-10-1043** is amended to read:

134 **59-10-1043. Nonrefundable tax credit for military retirement.**

135 (1) As used in this section:

136 ~~[(a)]~~ (a) (i) "Military retirement pay" means retirement pay, including survivor benefits,
137 that relates to service in the armed forces~~[, including service in the Reserves or the National~~
138 ~~Guard]~~ or the reserve components, as described in 10 U.S.C. Sec. 10101.

139 (ii) "Military retirement pay" does not include:

140 (A) Social Security income;

141 (B) 401(k) or IRA distributions; or

142 (C) income from other sources.

143 (b) "Survivor benefits" means the retired pay portion of the benefits described in 10
144 U.S.C. Secs. 1447 through 1455.

145 (2) Except as provided in Section 59-10-1002.2, a claimant who receives military
146 retirement pay may claim a nonrefundable tax credit against taxes equal to the product of:

147 (a) the percentage listed in Subsection 59-10-104(2); and

148 (b) the amount of military retirement pay that is included in adjusted gross income on
149 the claimant's federal income tax return for the taxable year.

150 (3) ~~[(a)]~~ A claimant may not:

151 ~~[(i)]~~ (a) carry forward or carry back the amount of a tax credit that exceeds the
152 claimant's tax liability for the taxable year; or

153 ~~[(ii)]~~ (b) claim a tax credit under this section ~~[and]~~ for a taxable year if a tax credit
154 under Section 59-10-1019 is claimed on the claimant's return for the same taxable year.

155 ~~[(b)] A claimant that qualifies for a tax credit under this section and a tax credit under~~
156 ~~Section 59-10-1019 may elect whether to claim a tax credit under this section or a tax credit~~

157 ~~under Section 59-10-1019.]~~

158 Section 5. **Effective date.**

159 If approved by two-thirds of all the members elected to each house, this bill takes effect
160 upon approval by the governor, or the day following the constitutional time limit of Utah
161 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
162 the date of veto override.

163 Section 6. **Retrospective operation.**

164 The changes to Sections 59-10-1019, 59-10-1042, and 59-10-1043 have retrospective
165 operation for a taxable year beginning on or after January 1, 2021.